

CITY OF MOUND CITY, KANSAS

Independent Auditors' Report,  
Regulatory Basis Financial Statement, and  
Regulatory-Required Supplementary Information  
For the Year Ended December 31, 2018

CITY OF MOUND CITY, KANSAS

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# Diehl Banwart Bolton

Certified Public Accountants P.A.

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council, and management  
of the City of Mound City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Mound City, Kansas, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Mound City, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Mound City, Kansas as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Mound City, Kansas as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Other Matters****Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget and individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

**Prior Year Comparative Numbers**

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Mound City, Kansas as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated April 13, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the schedule of regulatory basis receipts and expenditures – actual for the year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note 1.



DIEHL, BANWART, BOLTON, CPAs PA

March 8, 2019  
Fort Scott, Kansas

# CITY OF MOUND CITY, KANSAS

## Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance Regulatory Basis For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus		Ending Cash Balance	
					Encumbrances and Accounts Payable		2018	2017
General Fund	\$ 117,772.35	\$ 561,839.59	\$ 540,770.00	\$ 138,841.94	\$ -	\$	\$ 138,841.94	\$ 117,772.35
Special Purpose Funds:								
Special Streets	9,276.99	18,516.38	19,665.69	8,127.68	-		8,127.68	9,276.99
Special Parks & Recreation	245.82	-	200.00	45.82	-		45.82	245.82
CDBG Grant	-	-	-	-	-		-	-
Equipment Reserve	7,000.00	9,500.00	-	16,500.00	-		16,500.00	7,000.00
Business Funds:								
Water Utility	95,165.70	300,330.67	303,513.56	91,982.81	20,765.37		112,748.18	118,895.01
Sewer Disposal	84,283.76	151,399.32	152,466.15	83,216.93	-		83,216.93	88,656.34
Refunding Bond and Interest	1.05	87,350.00	87,350.00	1.05	-		1.05	1.05
Total Primary Government	\$ 313,745.67	\$ 1,128,935.96	\$ 1,103,965.40	\$ 338,716.23	\$ 20,765.37	\$	\$ 359,481.60	\$ 341,847.56
Composition of Cash:								
Checking accounts.....						\$	300,220.10	\$ 282,586.06
Petty Cash.....							1,000.00	1,000.00
Cash on Hand.....							261.50	261.50
Certificates of Deposit.....							58,000.00	58,000.00
Totals.....						\$	359,481.60	\$ 341,847.56

The notes to the financial statement are an integral part of this statement.

## CITY OF MOUND CITY, KANSAS

### NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the City of Mound City, Kansas, has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Kansas Municipal Audit and Accounting Guide (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. The more significant of the City's accounting policies follow.

##### Nature of Organization

The City of Mound City, Kansas is a municipal corporation governed by an elected Mayor and five-members City Council.

##### Financial Reporting Entity

This regulatory basis financial statement presents the City of Mound City, Kansas (the City) and its related municipal entities. The City has determined that there are no related municipal entities which should be accounted for in its financial statement.

##### Basis of Presentation and Basis of Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations.

##### Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City of Mound City, Kansas:

General fund – the chief operating fund used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest funds – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

*Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory basis other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. As stated at Note 11, Special Street, Special Park, Water Utility, and Sewer Utility fund budgets were amended in 2018.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital project and trust funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Deposits and Investments

Deposits and investments include checking accounts, a money market checking account, and certificates of deposit. Kansas statutes permit investment in checking accounts, savings accounts, certificates of deposit, and, in certain cases, obligations of the U.S. Treasury.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1<sup>st</sup> of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20<sup>th</sup> during the year levied with the balance to be paid on or before May 10<sup>th</sup> of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1<sup>st</sup> of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31<sup>st</sup>, such taxes are a lien on the property.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Provisions

This financial statement is designed to show compliance with the cash basis and budget laws of Kansas and Kansas Statutes. The City was in apparent compliance with the cash basis and budget laws of Kansas and Kansas Statutes.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices, but has limited the investments to time deposits at the local bank.

3. DEPOSITS AND INVESTMENTS (Continued)

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the City's carrying amount of deposits was \$359,481.60 and the bank balance was \$360,102.70. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$280,621.23 was covered by federal depository insurance, and \$79,481.47 was collateralized with securities totaling \$345,660.00 held by the pledging financial institutions' agents in the City's name.

4. WATER CONSUMER DEPOSITS

Water consumers are required to make cash deposits to the City when starting new water service. The deposits are refunded to the consumers when service is terminated or if customers account is in good standing for 12 months. Currently, the City has \$8,299.77 of consumer deposits, which are included with Water Utility Fund cash in the financial statement.

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss by carrying various commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

6. DEFINED BENEFIT PENSION PLAN (Continued)

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$22,989.56 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$198,922. The total net pension liability as of June 30, 2018 was \$8,900,507,111. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Water Utility	Refunding Bond and Interest	KSA 12-825d	\$ 19,217.00
Sewer Utility	Refunding Bond and Interest	KSA 12-825d	68,133.00
General	Equipment Reserve	KSA 12-825d	5,500.00
Water Utility	Equipment Reserve	KSA 12-825d	2,000.00
Sewer Utility	Equipment Reserve	KSA 12-825d	2,000.00

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Termination Benefits and Compensated Absences. No termination benefits are provided by the City when employment with the City ends except for accrued compensated absences as discussed below.

Compensated Absences. Full-time employees earn and accumulate vacation leave from 12 to 21 days a year based on the number of years of service with the City. Up to 100 hours of vacation may be accumulated and carried over to the next year.

Full-time employees earn and accumulate sick leave from the beginning of employment at the rate of one day per month worked. Sick leave may be accumulated up to 240 hours. Sick pay is lost upon termination of employment.

City employees are paid overtime for up to 5 hours over the 40 hour a week work period, and anything in excess of 5 hours would be in compensatory time. All compensatory time will be taken before vacation time.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material.

In accordance with the above criteria, the City has not accrued a liability for sick and vacation pay, which has been earned but not taken by City employees, since the accrued sick pay is not collectible upon termination and the accrued vacation amount is considered immaterial.

9. MAJOR SUPPLIER

During 2018, the City purchased water totaling \$175,808.80 for resale from Public Wholesale Water Supply District #13.

10. LONG TERM OBLIGATIONS (Continued)

Changes in long-term liabilities for the City for the year ended December, 2018, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions/ New Debt	Reductions/ Principal Paid	Balances End of Year	Interest Paid
<u>General Obligation Bonds</u>									
Refunding Series 2013	Variable	8-23-2013	\$ 1,255,000	6-1-2032	\$ 1,055,000.00	\$ -	\$ 55,000.00	\$ 1,000,000.00	\$ 32,350.00
<u>Capital Leases</u>									
New City Hall	4.50%	9-1-2008	180,000	9-1-2023	83,631.44	-	13,029.63	70,601.81	3,494.37
Road Grader	3.21%	8-23-2013	84,000	3-12-2020	37,758.95	-	12,190.72	25,568.23	1,212.05
2015 Ford Taurus	3.50%	7-1-2015	18,780	7-1-2020	11,653.19	-	3,751.56	7,901.63	407.86
Bob Cat Excavator & UTV	4.50%	7-14-2017	56,259	7-14-2023	56,259.21	-	8,375.78	47,883.43	2,534.91
Total Capital Leases					189,302.79	-	37,347.69	151,955.10	7,649.19
Total Long Term Obligations					\$ 1,244,302.79	\$ -	\$ 92,347.69	\$ 1,151,955.10	\$ 39,999.19

10. **LONG TERM OBLIGATIONS (Continued)**

Current maturities of long-ter debt and interest for the next five years and in five year increments through maturity are as follows:

	2019	2020	2021	2022	2023	2024 2028	2029 2033	Totals
<b>Principal</b>								
General Obligation Bonds								
Series 2013	\$ 55,000.00	\$ 55,000.00	\$ 55,000.00	\$ 60,000.00	\$ 60,000.00	\$ 325,000.00	\$ 390,000.00	\$ 1,000,000.00
Capital Leases								
New City Hall	13,628.21	14,254.29	14,909.12	15,594.04	12,216.15	-	-	70,601.81
Road Grader	12,582.04	12,986.19	-	-	-	-	-	25,568.23
2015 Ford Tarus	3,882.86	4,018.77	-	-	-	-	-	7,901.63
Bob Cat Excavator & UTV	8,752.69	9,146.57	9,558.15	9,988.28	9,109.50	1,328.24	-	47,883.43
Totals	38,845.80	40,405.82	24,467.27	25,582.32	21,325.65	1,328.24	-	151,955.10
Total Principal	\$ 93,845.80	\$ 95,405.82	\$ 79,467.27	\$ 85,582.32	\$ 81,325.65	\$ 326,328.24	\$ 390,000.00	\$ 1,151,955.10
<b>Interest</b>								
General Obligation Bonds								
Series 2013	\$ 31,456.25	\$ 30,425.00	\$ 29,256.25	\$ 27,887.50	\$ 27,887.50	\$ 110,581.25	\$ 50,450.00	\$ 307,943.75
Capital Leases								
New City Hall	2,895.79	2,269.71	1,614.88	929.96	173.73	-	-	7,884.07
Road Grader	820.73	416.58	-	-	-	-	-	1,237.31
2015 Ford Tarus	276.56	140.65	-	-	-	-	-	417.21
Bob Cat Excavator & UTV	2,154.75	1,760.87	1,349.29	919.16	469.70	-	-	6,653.77
Totals	6,147.83	4,587.81	2,964.17	1,849.12	643.43	-	-	16,192.36
Total Interest	\$ 37,604.08	\$ 35,012.81	\$ 32,220.42	\$ 29,736.62	\$ 28,530.93	\$ 110,581.25	\$ 50,450.00	\$ 324,136.11

# 11. BUDGET AMENDMENTS

The annual budget for the following funds was amended during the year as follows:

Special Streets Fund	Original Budget	Amended Budget
Cash Receipts		
Intergovernmental	\$ 18,170	\$ 19,268
Total Receipts	18,170	19,268
Unencumbered Cash, January 1	21,373	9,277
Resources Available	\$ 39,543	\$ 28,545
Expenditures		
Public Street	\$ 18,000	\$ 28,000
Total Expenditures	\$ 18,000	\$ 28,000
Unencumbered Cash, December 31	\$ 21,543	\$ 545
Special Parks and Recreation		
Cash Receipts		
Taxes	\$ 656	\$ -
Total Receipts	656	-
Unencumbered Cash, January 1	1,808	246
Resources Available	\$ 2,464	\$ 246
Expenditures		
Recreation	\$ 200	\$ 246
Total Expenditures	\$ 200	\$ 246
Unencumbered Cash, December 31	\$ 2,264	\$ -
Water Utility Fund		
Cash Receipts		
Operating Revenue	\$ 282,000	\$ 294,006
Nonoperating Revenue	5,600	5,500
Total Receipts	287,600	299,506
Unencumbered Cash, January 1	72,469	95,166
Resources Available	\$ 360,069	\$ 394,672
Expenditures		
Operating Expenses	\$ 271,462	\$ 287,000
Nonoperating Expenses	8,000	8,700
Operating Transfers to Other Funds	21,218	21,218
Debt Service	3,538	15,530
Total Expenditures	\$ 304,218	\$ 332,448
Unencumbered Cash, December 31	\$ 55,851	\$ 62,224

11. BUDGET AMENDMENTS (Continued)

<u>Sewer Utility</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Cash Receipts		
Operating Receipts	\$ 136,000	\$ 149,500
Total Receipts	136,000	149,500
Unencumbered Cash, January 1	98,177	84,284
Resources Available	<u>\$ 234,177</u>	<u>\$ 233,784</u>
Expenditures		
Operating Expenses	\$ 100,462	\$ 100,000
Operating Transfers to Other Funds	70,134	70,134
Debt Service	3,538	15,530
Total Expenditures	<u>\$ 174,134</u>	<u>\$ 185,664</u>
Unencumbered Cash, December 31	<u>\$ 60,043</u>	<u>\$ 48,120</u>

12. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2018 through March 8, 2019, the date of the financial statement. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION

## Schedule 1

## CITY OF MOUND CITY, KANSAS

Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Over (Under)
				Charged to Current Year Budget		
General Fund	\$ 603,160.00	\$ 999.00	\$ 604,159.00	\$ 540,770.00	\$	(63,389.00)
Special Purpose Funds:						
Special Streets	28,000.00	-	28,000.00	19,665.69		(8,334.31)
Special Parks & Recreation	246.00	-	246.00	200.00		(46.00)
Business Funds:						
Water Utility	332,448.00	-	332,448.00	303,513.56		(28,934.44)
Sewer Disposal	185,664.00	-	185,664.00	152,466.15		(33,197.85)
Refunding Bond & Interest	87,350.00	-	87,350.00	87,350.00		-
Total Primary Government	\$ 1,236,868.00	\$ 999.00	\$ 1,237,867.00	\$ 1,103,965.40		

**CITY OF MOUND CITY, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Taxes				
Ad valorem property tax	\$ 261,929.78	\$ 270,695.28	\$ 292,573.00	\$ (21,877.72)
Delinquent	12,580.68	12,887.30	200.00	12,687.30
Motor vehicle	35,898.80	38,740.29	37,668.00	1,072.29
Intergovernmental				
Sales tax	149,463.32	154,819.74	150,000.00	4,819.74
Utility franchise taxes	18,907.58	23,426.67	21,000.00	2,426.67
Local alcohol liquor tax	-	-	1,000.00	(1,000.00)
CDBG playground grant	-	1,246.00	-	1,246.00
County park appropriation	800.00	800.00	800.00	-
County waste appropriation	3,900.00	3,900.00	3,900.00	-
KDWP grant	4,532.00	3,399.00	4,532.00	(1,133.00)
County pipeline grant	33,170.00	35,961.00	35,961.00	-
Enbridge grant	-	999.00	-	999.00
Licenses and Permits				
Licenses and permits	1,326.45	1,425.00	1,500.00	(75.00)
Streets				
Streets Income	2,451.60	1,125.60	1,500.00	(374.40)
Police Department				
Municipal Court	9,718.00	432.00	500.00	(68.00)
Other	2,810.35	25.00	-	25.00
Parks and Recreation				
Ball Complex Lease	3,000.00	3,000.00	3,000.00	-
Scoreboard Fundraiser	3,225.00	-	-	-
Other	1,100.00	2,307.96	1,500.00	807.96
Planning and Zoning				
Fees	-	259.00	-	259.00
Other Receipts				
Interest	966.36	923.53	600.00	323.53
Other	31,508.32	5,467.22	1,200.00	4,267.22
Total Receipts	<u>577,288.24</u>	<u>561,839.59</u>	<u>\$ 557,434.00</u>	<u>\$ 4,405.59</u>

**CITY OF MOUND CITY, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Expenditures				
General Government				
Personal services	\$ 99,839.92	\$ 83,482.80	\$ 84,061.00	\$ (578.20)
Contractual services	7,318.10	8,970.86	9,000.00	(29.14)
Commodities	82,992.41	14,452.58	25,000.00	(10,547.42)
Capital outlay	2,997.99	35,216.87	36,410.00	(1,193.13)
Street Department				
Personal services	26,071.06	17,084.34	18,000.00	(915.66)
Contractual services	48,490.98	2,550.54	5,000.00	(2,449.46)
Commodities	7,778.76	10,162.18	32,000.00	(21,837.82)
Capital outlay	220.00	52,965.40	30,000.00	22,965.40
Fire Department				
Contractual services	200.00	-	-	-
Commodities	838.54	-	-	-
Police Department				
Personal services	65,467.28	71,741.99	72,000.00	(258.01)
Contractual services	5,784.09	2,434.66	3,000.00	(565.34)
Commodities	17,093.68	16,077.67	18,000.00	(1,922.33)
Capital outlay	-	-	1,000.00	(1,000.00)
Park and Recreation				
Personal services	13,289.73	11,567.05	12,000.00	(432.95)
Contractual services	6,545.92	4,329.50	6,000.00	(1,670.50)
Commodities	35,576.57	26,057.40	30,000.00	(3,942.60)
Capital outlay	24,801.98	24,247.73	27,620.00	(3,372.27)
Planning and Zoning				
Personal services	-	-	300.00	(300.00)
Commodities	-	159.00	500.00	(341.00)
Employee Benefits				
FICA	19,137.14	19,556.58	21,000.00	(1,443.42)
Unemployment	1,403.03	658.87	1,800.00	(1,141.13)
State retirement fund	19,596.00	22,989.56	24,500.00	(1,510.44)
Worker's compensation	-	5,521.00	6,500.00	(979.00)
Health insurance	58,254.81	66,394.34	82,000.00	(15,605.66)
Operating Transfers to Other Funds				
Equipment Reserve	3,000.00	5,500.00	5,500.00	-

**CITY OF MOUND CITY, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Debt Service on Capital Leases	\$ 34,086.19	\$ 38,649.08	\$ 51,969.00	\$ (13,319.92)
Subtotal			603,160.00	
Adjustment for Qualifying Budget Credits				
Grants	-	-	999.00	(999.00)
Total Expenditures	580,784.18	540,770.00	\$ 604,159.00	\$ (63,389.00)
Receipts Over (Under) Expenditures	(3,495.94)	21,069.59		
Unencumbered Cash, Beginning	121,268.29	117,772.35		
Unencumbered Cash, Ending	\$ 117,772.35	\$ 138,841.94		

**CITY OF MOUND CITY, KANSAS****SPECIAL STREETS FUND**

## Schedule of Receipts and Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
State gasoline tax	\$ 18,130.37	\$ 18,516.38	\$ 19,268.00	\$ (751.62)
Total Receipts	18,130.37	18,516.38	\$ 19,268.00	\$ (751.62)
Expenditures				
Public Streets				
Commodities	-	1,412.25	\$ -	\$ 1,412.25
Capital Outlays	29,987.14	18,253.44	28,000.00	(9,746.56)
Total Expenditures	29,987.14	19,665.69	\$ 28,000.00	\$ (8,334.31)
Receipts Over (Under) Expenditures	(11,856.77)	(1,149.31)		
Unencumbered Cash, Beginning	21,133.76	9,276.99		
Unencumbered Cash, Ending	\$ 9,276.99	\$ 8,127.68		

**CITY OF MOUND CITY, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts				
Taxes				
Local alcohol liquor tax	\$ -	\$ -	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Recreation				
Commodities	<u>22.56</u>	<u>200.00</u>	<u>\$ 246.00</u>	<u>\$ (46.00)</u>
Total Expenditures	<u>22.56</u>	<u>200.00</u>	<u>\$ 246.00</u>	<u>\$ (46.00)</u>
Receipts Over (Under) Expenditures	(22.56)	(200.00)		
Unencumbered Cash, Beginning	<u>268.38</u>	<u>245.82</u>		
Unencumbered Cash, Ending	<u>\$ 245.82</u>	<u>\$ 45.82</u>		

**CITY OF MOUND CITY, KANSAS**  
**CDBG GRANT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Intergovernmental		
CDBG grant	<u>\$ 12,594.00</u>	<u>\$ -</u>
Total Receipts	<u>12,594.00</u>	<u>-</u>
Expenditures		
General Government		
Capital outlay	<u>12,594.00</u>	<u>-</u>
Total Expenditures	<u>12,594.00</u>	<u>-</u>
Receipts Over (Under) Expenditures	<u>-</u>	<u>-</u>
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF MOUND CITY, KANSAS**  
**EQUIPMENT RESERVE FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2018  
(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Other Funds		
General	\$ 3,000.00	\$ 5,500.00
Water Utility	2,000.00	2,000.00
Sewer Utilitiy	2,000.00	2,000.00
Total Receipts	7,000.00	9,500.00
Expenditures		
General Government		
Capital outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	7,000.00	9,500.00
Unencumbered Cash, Beginning	-	7,000.00
Unencumbered Cash, Ending	\$ 7,000.00	\$ 16,500.00

**CITY OF MOUND CITY, KANSAS**  
**WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
<b>Receipts</b>				
Operating Revenues				
Water sales	\$ 266,638.96	\$ 267,965.02	\$ 268,000.00	\$ (34.98)
Water coin sales	16,060.81	20,564.84	20,000.00	564.84
Wholesale water sales	5,576.34	5,146.45	6,006.00	(859.55)
Nonoperating Revenues				
Consumer deposits	5,625.00	4,153.50	4,500.00	(346.50)
Reimbursed expenses	1,008.00	-	-	-
Other miscellaneous	2,465.56	2,500.86	1,000.00	1,500.86
<b>Total Receipts</b>	<u>297,374.67</u>	<u>300,330.67</u>	<u>\$ 299,506.00</u>	<u>\$ 824.67</u>
<b>Expenditures</b>				
Operating Expenditures				
Personal services	30,231.20	55,395.06	\$ 60,000.00	\$ (4,604.94)
Contractual services	849.91	7,775.42	15,000.00	(7,224.58)
Commodities	192,222.60	200,185.52	200,000.00	185.52
Capital outlay	4,073.56	10,744.85	12,000.00	(1,255.15)
Nonoperating Expenditures				
Tax and water protection fees	695.94	691.95	4,500.00	(3,808.05)
Consumer deposit refunds	5,406.74	4,329.86	4,200.00	129.86
Operating Transfers to				
Equipment Reserve	2,000.00	2,000.00	2,000.00	-
Refunding Bond and Interest	18,276.00	19,217.00	19,218.00	(1.00)
Debt Service on Capital Leases	-	3,173.90	15,530.00	(12,356.10)
<b>Total Expenditures</b>	<u>253,755.95</u>	<u>303,513.56</u>	<u>\$ 332,448.00</u>	<u>\$ (28,934.44)</u>
<b>Receipts Over (Under) Expenditures</b>	<u>43,618.72</u>	<u>(3,182.89)</u>		
<b>Unencumbered Cash, Beginning</b>	<u>51,546.98</u>	<u>95,165.70</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 95,165.70</u>	<u>\$ 91,982.81</u>		

**CITY OF MOUND CITY, KANSAS**  
**SEWER DISPOSAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Operating Revenues				
Sewer service charges	\$ 118,697.30	\$ 119,454.02	\$ 119,500.00	\$ (45.98)
Sewer dumps	25,561.00	31,850.50	30,000.00	1,850.50
Other Receipts				
Miscellaneous	100.00	94.80	-	94.80
Total Receipts	<u>144,358.30</u>	<u>151,399.32</u>	<u>\$ 149,500.00</u>	<u>\$ 1,899.32</u>
Expenditures				
Production Costs				
Personal services	18,048.34	27,401.26	\$ 32,000.00	\$ (4,598.74)
Contractual services	25,691.64	10,126.67	15,000.00	(4,873.33)
Commodities	24,458.69	28,555.46	36,000.00	(7,444.54)
Capital outlay	19,129.13	13,075.86	2,000.00	11,075.86
Operating Transfers to Other Funds				
Equipment Reserve	2,000.00	2,000.00	2,000.00	-
Refunding Bond and Interest	64,799.00	68,133.00	68,134.00	(1.00)
Debt Service on Capital Leases	-	3,173.90	30,530.00	(27,356.10)
Total Expenditures	<u>154,126.80</u>	<u>152,466.15</u>	<u>\$ 185,664.00</u>	<u>\$ (33,197.85)</u>
Receipts Over (Under) Expenditures	(9,768.50)	(1,066.83)		
Unencumbered Cash, Beginning	<u>94,052.26</u>	<u>84,283.76</u>		
Unencumbered Cash, Ending	<u>\$ 84,283.76</u>	<u>\$ 83,216.93</u>		

**CITY OF MOUND CITY, KANSAS**  
**REFUNDING BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Figures for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from Other Funds				
Sewer Utility	\$ 64,799.00	\$ 68,133.00	\$ 68,134.00	\$ (1.00)
Water Utility	18,276.00	19,217.00	19,217.00	-
Total Receipts	<u>83,075.00</u>	<u>87,350.00</u>	<u>\$ 87,351.00</u>	<u>\$ (1.00)</u>
Expenditures				
Debt Service on General Obligation Bonds				
Principal	50,000.00	55,000.00	\$ 55,000.00	\$ -
Interest	33,075.00	32,350.00	32,350.00	-
Total Expenditures	<u>83,075.00</u>	<u>87,350.00</u>	<u>\$ 87,350.00</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>1.05</u>	<u>1.05</u>		
Unencumbered Cash, Ending	<u>\$ 1.05</u>	<u>\$ 1.05</u>		